

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3281-01
Bill No.: SB 667
Subject: Agriculture and Animals; Agriculture Dept.; Crimes and Punishment
Type: Original
Date: March 17, 2010

Bill Summary: Requires farmers to register and pay a fee for retaining seed produced from patented genetically modified seed.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Genetically Engineered Seed Fund	\$1,754,868	\$1,768,725	\$1,762,140
Total Estimated Net Effect on <u>Other</u> State Funds	\$1,754,868	\$1,768,725	\$1,762,140

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Genetically Engineered Seed Fund	4	4	4
Total Estimated Net Effect on FTE	4	4	4

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Attorney General's Office** assume that any potential cost arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture (MDA)** assume according to the Missouri Agricultural Statistics Service, 5,350,000 acres of soybeans were planted in 2009. Approximately, ninety-one percent of the soybeans planted in 2009 were genetically modified; therefore, ninety-one percent would be considered patented seed or 4,868,500 acres of patented soybeans planted. Approximately 50 pounds of soybean seeds are planted per acre. (5,350,000 x 50 lbs = 267,500,000 lbs of soybean seed planted) One bushel of soybean seeds weighs approximately 60 pounds (267,500,000 lbs divided by 60 lbs/bushel = 4,458,333 bushels of soybeans seeds planted). Based upon this information, approximately 4,057,083 bushels of patented soybean seed was planted in Missouri in 2009 (4,458,333 bushels x 91% patented seed = 4,057,083 bushels of patented seed).

Assuming 50 percent of the farmers using patented seed would want to retain patented seed for replanting in 2010, approximately 2,028,541 bushels of retained patented seed would be planted. If you multiply the \$7 registration fee for each bushel of retained seed, it would generate \$14,199,791 in fees. One dollar of the fee would be designated for administrative costs of the Missouri Department of Agriculture. Six dollars of the fee would be paid to the person holding the patent for the seed.

Soybeans are the main crop utilizing patented seed; however, seed, such as cotton, wheat, rice and other crops utilizing patented seed will be affected by this legislation potentially increasing the collection of fees and regulatory responsibility.

The Program Coordinator would be responsible for program development, management of fee collection, disbursement of funds and inspection oversight. Violations of this Act are considered a Class D Felony; therefore, two additional Feed and Seed Inspectors would be required to perform inspections for registration of individuals and investigation of complaints. Currently there are four Feed and Seed Inspectors performing field inspections in support of the Missouri Commercial Feed Law and the Missouri Seed Law. The enactment of this legislation would increase the workload of field personnel.

Oversight has assumed that all revenues and expenditures would be processed through the Genetically Engineered Seed Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENETICALLY ENGINEERED SEED FUND			
<u>Revenue</u> - Department of Agriculture Genetically Engineered Seed Fund	\$2,028,541	\$2,028,541	\$2,028,541
<u>Cost</u> - Department of Agriculture			
Salaries (4 FTE)	(\$128,101)	(\$157,564)	(\$161,503)
Fringe Benefits	(\$67,176)	(\$82,627)	(\$84,692)
Equipment & Expense	<u>(\$78,396)</u>	<u>(\$19,625)</u>	<u>(\$20,206)</u>
Subtotal	<u>(\$273,673)</u>	<u>(\$259,816)</u>	<u>(\$266,401)</u>
ESTIMATED NET EFFECT ON GENETICALLY ENGINEERED SEED FUND	<u>\$1,754,868</u>	<u>\$1,768,725</u>	<u>\$1,762,140</u>
Estimated Net FTE Change for Genetically Engineered Seed Fund	4	4	4
<u>FISCAL IMPACT - Local Government</u>	FY 2011	FY 2012	FY 2013
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

Yes.

FISCAL DESCRIPTION

This act creates the Missouri Seed Availability and Competition Act. Farmers who want to retain patented seed from a current harvest for planting the following season must register with the Department of Agriculture and pay a fee of \$7 per bushel of saved seed. The fees are to be deposited into the Genetically Engineered Seed Fund, which is created by the act. Six dollars per bushel collected are to be remitted to the patent holder of the seed on a quarterly basis. One dollar is to be retained by the Department for actual administrative costs of the fund. Any unused administrative funds are to be directed to a subaccount of the fund for use by the University of Missouri for agricultural research and development.

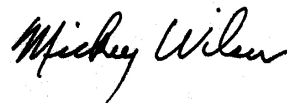
A farmer will only be liable for health, safety, or environmental impacts if he or she intentionally or negligently fails to significantly follow the patent holder's or manufacturer's instructions and guidelines for planting the seed.

A violation of this act is considered a crime of misappropriation of patented seed and is a Class D felony. All other legal remedies are available to the owner of the misappropriated seed.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Agriculture
Attorney General's Office



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Director
March 17, 2010